

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name ST JAMES TOWNSHIP	County CHARLEVOIX
Audit Date 3/31/04	Opinion Date 6/16/04	Date Accountant Report Submitted to State: 9/25/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

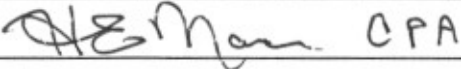
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:			
	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) MASON & KAMMERMANN, PC			
Street Address 110 PARK AVENUE	City CHARLEVOIX	State MI	ZIP 49720
Accountant Signature  CPA			Date 9/25/04

MASON & KAMMERMANN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

HUGH E. MASON
VELDA K. KAMMERMANN

110 Park Avenue
Charlevoix, Michigan 49720
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Facsimile (231) 547-5911

September 25, 2004

To the Board of Trustees of
St. James Township:

We have audited the financial statements of St. James Township for the year ended March 31, 2004, and have issued our report thereon dated July 16, 2004. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Generally Accepted Auditing Standards

As stated in our engagement letter dated July 16, 2004, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Peaine Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Peaine Township are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ending March 31, 2004. We noted no transactions entered into by the organization during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted no such sensitive estimates that are included in the financial statements.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgement, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the organization that could potentially cause financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements. We proposed no audit adjustments that could, in our judgement, either individually or in the aggregate, have a significant effect on the organization's financial reporting process.

Disagreements With Management

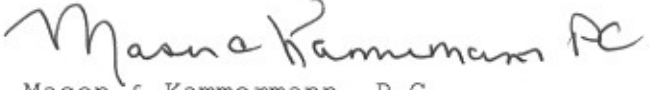
For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

This information is intended solely for the use of the Board of Trustees of St. James Township and should not be used for any other purpose.

Very truly yours,


Mason & Kammermann, P.C.

ST. JAMES TOWNSHIP
CHARLEVOIX COUNTY, MICHIGAN

FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION
for the year ended March 31, 2004

MASON & KAMMERMANN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CHARLEVOIX, MICHIGAN

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MASON & KAMMERMANN, P.C.
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June 16, 2004

INDEPENDENT AUDITOR'S REPORT

To the Township Board of
St. James Township:

We have audited the accompanying general purpose financial statements of St. James Township as of and for the year ended March 31, 2004 as listed in the table of contents. These general purpose financial statements are the responsibility of St. James Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of St. James Township as of March 31, 2004, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed as additional information in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of St. James Township. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Mason & Kammermann AC

ST. JAMES TOWNSHIP
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
as of March 31, 2004

GOVERNMENTAL FUND TYPES

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>
ASSETS:			
Cash in bank	\$ -	\$ 4,143	\$ -
Cash in bank, savings	52,797	264,057	97,993
Due from other funds	-	1,335	-
Taxes receivable	18,712	16,543	-
Special assessment receivable	-	-	11,345
Land and improvements	-	-	-
Buildings and docks	-	-	-
Furniture and equipment	-	-	-
Amount to be provided for retirement of general long term obligations	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 71,509</u>	<u>\$286,078</u>	<u>\$ 109,338</u>
LIABILITIES:			
Due to other funds	\$ 1,335	\$ -	\$ -
Notes payable	-	-	-
Bonds payable	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	1,335	-	-
FUND EQUITY:			
Investment in general fixed assets	-	-	-
Fund balances,			
Reserved	-	-	109,338
Unreserved	70,174	286,078	-
	<hr/>	<hr/>	<hr/>
Total fund equity	70,174	286,078	109,338
	<hr/>	<hr/>	<hr/>
Total liabilities and fund equity	<u>\$ 71,509</u>	<u>\$286,078</u>	<u>\$ 109,338</u>

The accompanying notes are a part of the financial statements.

<u>ACCOUNT GROUPS</u>		
<u>GENERAL FIXED ASSETS</u>	<u>GENERAL LONG-TERM DEBT</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
\$ -	\$ -	\$ 4,143
-	-	414,847
-	-	1,335
-	-	35,255
-	-	11,345
400,346	-	400,346
357,163	-	357,163
366,656	-	366,656
-	492,679	492,679
<u>\$1,124,165</u>	<u>\$492,679</u>	<u>\$2,083,769</u>
\$ -	\$ -	\$ 1,335
-	37,679	37,679
-	455,000	455,000
-	492,679	494,014
1,124,165	-	1,124,165
-	-	109,338
-	-	356,252
<u>1,124,165</u>	<u>-</u>	<u>1,589,755</u>
<u>\$1,124,165</u>	<u>\$492,679</u>	<u>\$2,083,769</u>

ST. JAMES TOWNSHIP
COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES

ALL GOVERNMENT TYPES

for the year ended March 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>		
	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>DEBT SERVICE FUND</u>
REVENUES:			
Property taxes and fees	\$146,110	\$ 127,826	\$ -
Intergovernmental	26,275	58,893	-
Inspection fees and permits	3,450	-	-
Special assessment	-	-	54,082
Interest income	150	3,356	1,103
Charges for services	-	58,111	-
Other revenues	<u>76,717</u>	<u>2,578</u>	<u>-</u>
Total revenues	252,702	250,764	55,185
EXPENDITURES:			
Legislative	84,660	-	-
General government	89,102	-	-
Health and welfare	-	2,499	-
Public safety	14,106	40,226	-
Culture and recreation	55,767	38,632	-
Streets and highways	-	145,041	-
Capital outlay	19,621	37,581	-
Debt service:			
Principal	-	-	47,259
Interest	<u>-</u>	<u>-</u>	<u>15,826</u>
Total expenditures	<u>263,256</u>	<u>263,979</u>	<u>63,085</u>
Excess of revenues over expenditures-	(10,554)	(13,215)	(7,900)
OTHER FINANCING SOURCES,			
Operating transfers in	5,063	-	17,545
OTHER FINANCING SOURCES,			
Operating transfers out	<u>-</u>	<u>(43,110)</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures and other financing uses	(5,491)	(56,325)	9,645
FUND BALANCE, April 1, 2003	<u>75,665</u>	<u>342,403</u>	<u>99,693</u>
FUND BALANCE, March 31, 2004	<u>\$ 70,174</u>	<u>\$ 286,078</u>	<u>\$ 109,338</u>

The accompanying notes are a part of the financial statements.

<u>CAPITAL PROJECTS FUND</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
\$ -	\$ 273,936
-	85,168
-	3,450
-	54,082
-	4,609
-	58,111
-	<u>79,295</u>
-	558,651
-	84,660
-	89,102
-	2,499
-	54,332
-	94,399
27,462	172,503
-	57,202
-	47,259
-	<u>15,826</u>
<u>27,462</u>	<u>617,782</u>
(27,462)	(59,131)
20,502	43,110
-	(43,110)
(6,960)	(102,241)
<u>6,960</u>	<u>418,068</u>
<u>\$ -</u>	<u>\$ 315,827</u>

ST. JAMES TOWNSHIP
COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

GENERAL AND SPECIAL REVENUE FUND TYPES

for the year ended March 31, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	OVER/(UNDER) BUDGET
REVENUES:			
Property taxes and fees	\$141,003	\$146,110	\$ 5,107
Intergovernmental	31,000	26,275	(4,725)
Inspection fees and permits	5,000	3,450	(1,550)
Interest income	1,800	150	(1,650)
Charges for services	-	-	-
Other revenues	55,164	76,717	21,553
Total revenues	233,967	252,702	18,735
EXPENDITURES:			
Legislative	64,321	84,660	20,339
General government	132,646	89,102	(43,544)
Health and welfare	-	-	-
Public safety	19,500	14,106	(5,394)
Culture and recreation	17,500	55,767	38,267
Streets and highways	-	-	-
Capital outlay	-	19,621	19,621
Total expenditures	233,967	263,256	29,289
Excess of revenues over expenditures	-	(10,554)	(10,554)
OTHER FINANCING SOURCES(USES):			
Operating transfers in	-	5,063	(5,063)
Operating transfers(out)	(75,665)	-	(75,665)
Total other financing sources(uses)	(75,665)	5,063	(80,728)
Excess of revenues over expenditures and other financing sources(uses)	(75,665)	(5,491)	(70,174)
FUND BALANCES, April 1, 2003	75,665	75,665	-
FUND BALANCES, March 31, 2004	\$ -	\$ 70,174	\$ (70,174)

The accompanying notes are a part of the financial statements.

SPECIAL REVENUE FUNDS

<u>BUDGET</u>	<u>ACTUAL</u>	<u>OVER/(UNDER) BUDGET</u>
\$ 88,744	\$ 127,826	\$ 39,082
48,915	58,893	9,978
-	-	-
6,350	3,356	(2,994)
54,500	58,111	3,611
9,400	2,578	(6,822)
207,909	250,764	42,855
-	-	-
-	-	-
4,250	2,499	(1,751)
65,830	40,226	(25,604)
54,500	38,632	(15,868)
86,412	145,041	58,629
-	37,581	37,581
210,992	263,979	52,987
(3,083)	(13,215)	(10,132)
-	-	-
-	(43,110)	(43,110)
-	(43,110)	(43,110)
(3,083)	(56,325)	(53,242)
342,403	342,403	-
<u>\$ 339,320</u>	<u>\$ 286,078</u>	<u>\$ (53,242)</u>

ST. JAMES TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NOTE A - Reporting Entity

St. James Township is a general law township located in Charlevoix County which operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles, the Township has determined that there are no component units which should be included in its reporting entity.

NOTE B - Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The accounting policies of St. James Township conform to generally accepted accounting principles as applicable to governmental units. The modified accrual basis of accounting is followed by Governmental Fund and Fiduciary Fund Types. Modifications in such method from the accrual basis are as follows:

- A. Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned. Other revenue is recorded when received.

Properties are assessed January 1, and the related property taxes become a lien on December 1 of the same year. These taxes are due on or before February 14 with a final collection date of February 28, before they are added to the county tax rolls. Property taxes levied December 1 are recognized as income in the year in which they are levied.

- B. Payments for inventorable types of supplies are recorded as expenditures at the time of purchase.
- C. Normally, expenditures are not divided between years by the recording of prepaid expenses.

ST. JAMES TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NOTE B - Measurement Focus, Basis of Accounting and Basis of Presentation(continued)

_____The Township has the following fund types and account group:

Governmental Funds are used to account for the Township's general government activities not accounted for in other funds.

Governmental funds include the following types:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Special Revenue Funds account for revenue sources that are legally restricted to expenditure for specific purposes(not including expendable trust or major capital projects).

Fiduciary Funds account for assets held by the Township in a trustee capacity or as an agent on behalf of others.

The current tax collection fund is an agency fund and is custodial in nature. It does not present results of operation or have a measurement focus. The agency fund also uses the modified cash basis of accounting. This fund is used to account for property tax collection which the township makes and distributes for others in an agency capacity.

Account Group The General Fixed Asset Account Group is used to account for fixed assets of the Township.

NOTE C - DEPOSITS AND INVESTMENTS

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

State statutes authorize the Township to invest in bank savings accounts, bank certificates of deposit, securities of the U.S. Government, and repurchase agreements from banks. The State also permits local units of government to invest funds in commercial paper(unsecured notes of business and corporations). Such obligations must be rated in one of the three highest classifications by two of the national rating services in order to qualify for local government investment. Other statutory limits are that commercial obligations may not extend for more than 270 days, and not more than one half of the total investments may be invested in commercial paper.

ST. JAMES TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NOTE D - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Township to a significant concentration of credit risk consist only of cash.

The Township's deposits are owned by several of the Township's funds. A total of \$116,395 of the Township's \$435,440 of total bank deposits are in accounts which exceed FDIC insurance limits and are uncollateralized. The remaining bank deposits and investments are in separate accounts and are fully insured.

Cash is deposited with banks having satisfactory credit ratings. While cash deposits exceed FDIC insurance limits management feels credit risk associated with cash is minimal.

II. STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY

NOTE E - USE OF ESTIMATES

This presentation of financial statements in conformity with the modified cash basis of accounting requires the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

NOTE F - MEMORANDUM ONLY - TOTAL COLUMNS

Total Columns on the general-purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

NOTE G - BUDGETARY INFORMATION

The annual budgets are adopted in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts presented are as originally adopted in April, 2003, or as amended by the Township Board from time to time throughout the year.

ST. JAMES TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2004

II. STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY(CONTINUED)

NOTE G - BUDGETARY INFORMATION(CONTINUED)

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

There were no budgeting violations for the year ended March 31, 2004.

NOTE H - LONG-TERM OBLIGATIONS

A summary of long-term obligations at March 31, 2004 and transactions related thereto for the year then ended is as follows:

	<u>Balance</u> <u>April 1, 2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>March 31, 2004</u>
General long-term debt				
\$500,000, special assessment unlimited tax bonds, due in annual installments of \$35,000 - \$40,000 through April 1, 2016, plus interest at 3.45 - 5.25%	<u>\$490,000</u>	\$ -	\$35,000	<u>\$455,000</u>
\$57,251, installment note payable in monthly installments of \$1,462 through November, 2005, including interest at 6.348% per annum secured by fire truck	<u>\$ 52,938</u>	\$ -	\$15,259	<u>\$ 37,679</u>

The annual principal requirements for the years ending March 31, 2004 and thereafter, on commercial indebtedness are as follows:

<u>Year ended</u> <u>March 31</u>	<u>General Long-Term</u> <u>Obligations</u>
2005	\$ 56,256
2006	51,423
2007	35,000
2008	35,000
2009	35,000
2010 and thereafter	<u>280,000</u>
	<u>\$492,679</u>

ST. JAMES TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2004

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPSNOTE I - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in the Township's equity in general fixed assets follows:

	Balance <u>April 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>March 31, 2004</u>
Land & Improvements:				
Solely owned	\$ 83,836	\$ -	\$ -	\$ 83,836
Jointly owned	<u>316,510</u>	-	-	<u>316,510</u>
Total land & improvements	<u>\$400,346</u>	\$ -	\$ -	<u>\$400,346</u>
Buildings:				
Solely owned	\$ 54,257	\$ -	\$ -	\$ 54,257
Jointly owned	<u>302,906</u>	-	-	<u>302,906</u>
Total building	<u>\$357,163</u>	\$ -	\$ -	<u>\$357,163</u>
Equipment & Furniture:				
Solely owned	\$ 89,910	\$ 10,001	\$ -	\$ 99,911
Jointly owned	<u>221,837</u>	<u>44,908</u>	-	<u>266,745</u>
Total equipment & furniture	<u>\$ 311,747</u>	<u>\$ 54,909</u>	\$ -	<u>\$366,656</u>

OTHER INFORMATION -

NOTE J - PROPERTY TAXES

The Township levied 3.9809 mills for general operating purposes on a state taxable valuation of \$33,309,144. In addition, the Township levied 1.912 mills for Township roads, .9560 mills for fire protection, .7384 mills for EMS operation, 1.7167 mills for waste collection and removal and .9098 mills for airport operations, .2461 for Historical Society and 1.912 for Medical Center operations.

NOTE K - PENSION PLAN

Elected members of the Township board are eligible to participate in the St. James Township Pension Plan administered by the Municipal Underwriters Life Insurance Company, a defined contribution plan. There are no unfunded liabilities. The Township is required to contribute 5 percent of each participant's annual compensation. Participant contributions are not required, but voluntary non-deductible contributions are allowed. Retirement expense totaled \$5,861 for the year based on eligible wages. Total payroll expense for all funds for the year ended March 31, 2004 was \$158,251.

ST. JAMES TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2004

OTHER INFORMATION(CONTINUED) -

NOTE L - COMMON UNITS

St. James and Peaine Townships are the two townships on Beaver Island. These Townships jointly support the below-listed common facilities on a 50-50 basis. The facilities supported are controlled by and included in the comprehensive financial statements of:

<u>ST. JAMES TOWNSHIP</u>	<u>PEAINE TOWNSHIP</u>
Beaver Island Rock Crusher Fund	Beaver Island Waste Management Fund
Beaver Island Fire Department Fund	Beaver Island Airport Fund
Cemetery Fund	

The Beaver Island Yacht Dock is also operated jointly and controlled by St. James Township. Revenues were sufficient to support yacht dock operations for the year ended March 31, 2004. Operating deficiencies are shared on the following basis:

	<u>ST. JAMES TOWNSHIP</u>	<u>PEAINE TOWNSHIP</u>
Yacht Dock	66 2/3 pct.	33 1/3 pct.

Financial statements for those funds which are controlled by Peaine Township may be obtained by contacting the Peaine Township Treasurer on Beaver Island, Michigan.

GENERAL FUND

STATEMENT OF REVENUES

for the year ended March 31, 2004

	BUDGET	ACTUAL	OVER/(UNDER) BUDGET
PROPERTY TAXES AND FEES:			
Property tax collections	\$124,563	\$133,253	\$ 8,690
Tax collection fees	<u>16,440</u>	<u>12,857</u>	<u>(3,583)</u>
Total property taxes and fees	141,003	146,110	5,107
INTERGOVERNMENTAL:			
State shared revenues	31,000	26,275	(4,725)
INSPECTION FEES AND PERMITS			
Zoning fees	-	1,210	-
Campground fees	<u>-</u>	<u>2,240</u>	<u>-</u>
Total inspection fees and permits	5,000	3,450	(1,550)
INTEREST INCOME	1,800	150	(1,650)
OTHER INCOME:			
Reimbursements	52,164	54,943	2,779
Miscellaneous	<u>3,000</u>	<u>21,774</u>	<u>18,774</u>
Total other income	<u>55,164</u>	<u>76,717</u>	<u>21,553</u>
Total revenues	<u>\$233,967</u>	<u>\$252,702</u>	<u>\$ 18,735</u>

GENERAL FUND
STATEMENT OF EXPENDITURES
for the year ended March 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>OVER/(UNDER) BUDGET</u>
LEGISLATIVE:			
Township board:			
Trustees wages	\$ 7,000	\$ 7,000	\$ -
Payroll taxes and benefits	6,000	6,161	161
Professional services	6,000	7,922	1,922
Retirement	4,000	5,861	1,861
Insurance and bonds	20,000	22,395	2,395
Telephone	3,000	3,506	506
Dues	750	730	(20)
Supplies	4,000	8,325	4,325
Contingency	13,571	22,760	9,189
Total legislative	64,321	84,660	20,339
GENERAL GOVERNMENT:			
Supervisor:			
Salary	12,900	12,817	(83)
Treasurer:			
Salary	13,200	13,200	-
Clerk:			
Salary	14,200	14,516	316
Supplies and expenses	4,200	2,215	(1,985)
Total clerk	18,400	16,731	(1,669)
Assessor:			
Salary	17,982	18,020	38
Supplies and expenses	3,500	1,330	(2,170)
Total assessor	21,482	19,350	(2,132)
Board of review	500	420	(80)

(Continued)

STATEMENT OF EXPENDITURES

for the year ended March 31, 2002

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>OVER/(UNDER) BUDGET</u>
GENERAL GOVERNMENT (CONTINUED):			
Township properties:			
Wages	\$ 52,164	\$ 17,573	\$ (34,591)
Buildings and grounds	12,500	4,419	(8,081)
Supplies and expenses	<u>1,500</u>	<u>4,592</u>	<u>3,092</u>
Total township properties	<u>66,164</u>	<u>26,584</u>	<u>(39,580)</u>
Total general government	132,646	89,102	(43,544)
PUBLIC SAFETY:			
Planning and zoning:			
Wages	2,000	4,380	2,380
Contracted Services	3,000	3,090	90
Office supplies	-	180	180
Police	7,500	-	(7,500)
Street lighting	<u>7,000</u>	<u>6,456</u>	<u>(544)</u>
Total public safety	19,500	14,106	(5,394)
RECREATION AND CULTURE:			
Parks and recreation:			
Wages	17,500	38,217	20,717
Repairs and maintenance	<u>-</u>	<u>17,550</u>	<u>17,550</u>
Total recreation and culture	17,500	55,767	38,267
CAPITAL OUTLAY	<u>-</u>	<u>19,621</u>	<u>19,621</u>
Total Expenditures	233,967	263,256	29,289
OTHER FINANCING USES,			
Operating transfers out	<u>75,665</u>	<u>5,063</u>	<u>(70,602)</u>
Total expenditures and other financing uses	<u>\$ 309,632</u>	<u>\$268,319</u>	<u>\$ (41,313)</u>

SPECIAL REVENUE FUNDS

as of March 31, 2004

	BI YACHT DOCK FUND	BI FIRE DEPARTMENT FUND	LIQUOR CONTROL FUND
ASSETS:			
Cash in bank	\$ -	\$ -	\$ 590
Cash in bank, savings	110,640	45,329	-
Certificate of deposit	-	-	-
Taxes receivable	-	7,556	-
Total assets	<u>\$ 110,640</u>	<u>\$ 52,885</u>	<u>\$ 590</u>
FUND EQUITY:			
Fund balances, unreserved	<u>\$ 110,640</u>	<u>\$ 52,885</u>	<u>\$ 590</u>

<u>ROAD FUND</u>	<u>BI CEMETERY FUND</u>	<u>BI ROCK CRUSHER FUND</u>	<u>COMBINED TOTAL</u>
\$ -	\$ 3,553	\$ -	\$ 4,143
104,222	-	3,866	264,057
1,335	-	-	1,335
8,987	-	-	16,543
<u>\$114,544</u>	<u>\$ 3,553</u>	<u>\$ 3,866</u>	<u>\$286,078</u>

<u>\$114,544</u>	<u>\$ 3,553</u>	<u>\$ 3,866</u>	<u>\$286,078</u>
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EXPENDITURES AND CHANGES IN FUND BALANCES

SPECIAL REVENUE FUNDS

for the year ended March 31, 2004

	<u>BI YACHT DOCK FUND</u>	<u>BI FIRE DEPARTMENT FUND</u>	<u>LIQUOR CONTROL FUND</u>
REVENUES:			
Property taxes and fees	\$ -	\$63,897	\$ -
Intergovernmental:			
Peaine Township contributions	-	-	-
State shared revenues	-	-	1,393
Federal grant	-	-	-
Total intergovernmental	-	-	1,393
Interest income	1,485	527	-
Charges for services	44,111	-	-
Other income	53	1,735	-
Total revenues	45,649	66,159	1,393
EXPENDITURES:			
Health and welfare:			
Wages	-	-	1,100
Insurance	-	-	-
Supplies	-	-	-
Total health and welfare	-	-	1,100
Public safety:			
Wages	-	4,500	-
Repairs and maintenance	-	3,022	-
Utilities	-	5,311	-
Insurance	-	14,422	-
Supplies	-	6,350	-
Other	-	6,621	-
Total public safety	-	40,226	-

(Continued)

<u>HARBOR SAFETY FUND</u>	<u>ROAD FUND</u>	<u>CEMETERY FUND</u>	<u>BI ROCK CRUSHER FUND</u>	<u>COMBINED TOTAL</u>
\$ -	\$ 63,929	\$ -	\$ -	\$127,826
-	-	-	7,500	7,500
-	-	-	-	1,393
-	50,000	-	-	50,000
-	50,000	-	7,500	58,893
-	1,311	-	33	3,356
-	14,000	-	-	58,111
-	-	790	-	2,578
-	129,240	790	7,533	250,764
-	-	-	-	1,100
-	-	270	-	270
-	-	1,129	-	1,129
-	-	1,399	-	2,499
-	-	-	-	4,500
-	-	-	-	3,022
-	-	-	-	5,311
-	-	-	-	14,422
-	-	-	-	6,350
-	-	-	-	6,621
-	-	-	-	40,226

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES

SPECIAL REVENUE FUNDS

for the year ended March 31, 2004

	BI YACHT DOCK FUND	BI FIRE DEPARTMENT FUND	LIQUOR CONTROL FUND
EXPENDITURES(Continued):			
Culture and Recreation:			
Wages	\$ 19,467	\$ -	\$ -
Repairs and maintenance	3,835	-	-
Utilities	6,392	-	-
Insurance	2,289	-	-
Supplies	852	-	-
Other	5,797	-	-
	<hr/>		
Total culture and recreation	38,632	-	-
Streets and highways:			
Wages	-	-	-
Repairs and maintenance	-	-	-
Insurance	-	-	-
Supplies	-	-	-
Improvements	-	-	-
	<hr/>		
Total streets and highways	-	-	-
Capital outlay	7,990	24,321	-
	<hr/>		
Total expenses	46,622	64,547	1,100
	<hr/>		
Excess(deficiency) revenues over expenses	(973)	1,612	293
OTHER FINANCING USES:			
Operating transfers in	-	(17,545)	-
	<hr/>		
Excess (deficiency) revenues over expenses and other financing uses	(973)	(15,933)	293
FUND BALANCE, APRIL 1, 2003	111,613	68,818	297
	<hr/>		
FUND BALANCE, MARCH 31, 2004	\$110,640	\$52,885	\$ 590
	<hr/> <hr/>		

<u>HARBOR SAFETY FUND</u>	<u>ROAD FUND</u>	<u>CEMETERY FUND</u>	<u>BI ROCK CRUSHER FUND</u>	<u>COMBINED TOTAL</u>
\$ -	\$ -	\$ -	\$ -	\$ 19,467
-	-	-	-	3,835
-	-	-	-	6,392
-	-	-	-	2,289
-	-	-	-	852
-	-	-	-	5,797
-	-	-	-	38,632
-	-	-	200	200
-	13,469	-	6,754	20,223
-	-	-	3,170	3,170
-	-	-	1,209	1,209
-	120,239	-	-	120,239
-	133,708	-	11,333	145,041
-	5,270	-	-	37,581
-	138,978	1,399	11,333	263,979
-	(9,738)	(609)	(3,800)	(13,215)
(5,063)	(20,502)	-	-	(43,110)
(5,063)	(30,240)	(609)	(3,800)	(56,325)
5,063	144,784	4,162	7,666	342,403
\$ -	\$ 114,544	\$ 3,553	\$ 3,866	\$286,078

STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
AGENCY FUND - CURRENT TAX COLLECTION FUND

for the year ended March 31, 2004

	BALANCE <u>APRIL 1, 2003</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	BALANCE <u>MARCH 31, 2004</u>
ASSETS,				
Cash in bank	\$ 100	\$1,249,830	\$1,249,930	\$ -
LIABILITIES,				
Due to other funds	\$ 100	\$ 235,557	\$ 235,657	\$ -
Due to St. James Sewer	-	35,432	35,432	-
Due to Peaine Township	-	72,499	72,499	-
Due to Charlevoix County	-	167,904	167,904	-
Due to Char-Em ISD	-	77,084	77,084	-
Due to Beaver Island Public School	-	424,595	424,595	-
Due to Beaver Island Medical Center	-	54,887	54,887	-
Beaver Island Public Library	-	25,830	25,830	-
Due to State of Michigan - SET	-	156,042	156,042	-
Total liabilities	\$ 100	\$1,249,830	\$1,249,930	\$ -